

\*OGC Has Reviewed\*

23 October 1952

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT: Payment of Interest on Late Income Tax Returns of Certain Agency Personnel

1. Filing of personal U. S. income tax returns and payment of tax beyond the date due raise the twin problems of liability for penalties and statutory interest. While presumably every effort is made to meet the deadline, there have been cases where the delay is not clearly attributable to individual negligence. Several examples are attached with resumes of the facts.

2. As you are probably aware, the Bureau of Internal Revenue is in the process of a reorganization designed to decentralize responsibility and delegate greater responsibility to the regional Collectors (now known as Directors). Recent discussions by a member of this office with the security-cleared Baltimore Director and the Special Assistant to the Commissioner have reestablished our understanding that the collector will accept our representations as reasonable cause to waive penalties when the delay is essentially the result of security. However, the Bureau has no discretion regarding statutory interest of 6% that runs from the date payment is due (in almost all cases: 15 March) until payment is actually made.

3. To the extent that interest is attributable to causes other than personal negligence or an intention to evade and the delay is essentially attributable to preservation of security, payment by the Agency is recommended. We in no wise feel that this is a standard solution to be advocated as a general practice but that it is justified in special situations.

4. Authorization for payment of interest by the Agency for the attached cases in a total amount of \$67.67 is, therefore, requested under your authority of § [redacted] of the Confidential Funds Regulations.

3 Enclosures

Attachment A

Attachment B

Attachment C

OGC/CWP:mkm (27 October 1952)

Distribution: *J. M. G. A.*

Orig & 1 - Addressee

/s/ LAWRENCE R. HOUSTON

Approve Payment  
Par. 4 Above

/s/ Walter R. Wolf, DDA

1 - Admin Files (yellow) 1 - OGC - 317 South  
1 - General Tax File 1 - Chrono ✓

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